

May 2015

TO ALL CUPE MEMBERS

Conservative government proposed major changes to federally regulated defined benefit pension plans

Sisters and Brothers:

Last year, the federal Conservative government announced that it was considering allowing employer sponsors of federally-regulated¹ defined benefit pension plans (and crown corporations) to make **major, retroactive changes to the pension promises they've made to workers**. The Conservatives' proposal² would allow employers to retroactively convert **defined benefit** pension plans (where the pension is a promise that is considered a legal obligation) into **target benefit** pension plans (where there is no pension promise). Unlike a defined benefit plan, employers are permitted to reduce pension benefits in a target benefit plan, even for benefits that have already been earned – both for active members and for retirees. In a target benefit plan, **workers bear all of the risks**, which is why employers prefer these plans to defined benefit plans. The federal government's proposal is based on recent pension developments in New Brunswick, changes which CUPE National opposes.

CUPE National and the labour movement have spoken out strongly against Harper's proposed changes to federally-regulated pensions.³ Our position is simple: **employer defined benefit pension obligations should remain obligations**. Employers should not be allowed to walk away from the obligations they've made to workers and retirees. Workers traded their wages for these pension promises, so for an employer to abandon those promises years later is no different from retroactively taking decades of wages back from workers and retirees. This proposal is unfair and has no place in a country where we all accept that a deal is a deal.

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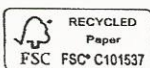
¹ There are approximately 450 pension plans with defined benefits in the federal jurisdiction. In the words of the federal regulators, these plans apply to "employees in federally regulated areas of employment, such as banking, inter-provincial transportation and telecommunications." CUPE members in airlines, ports and telecommunications and others may be members of federally-regulated pension plans. For more clarity on whether your pension plan is federally regulated, and potentially impacted by these proposed changes, consult <http://www.osfi-bsif.gc.ca/eng/wt-ow/Pages/swwr-rer.aspx> and contact Mark Janson at mjanson@cupe.ca in CUPE National's Research department.

² Read the Conservative proposal paper here: <http://www.fin.gc.ca/activty/consult/pic-impicc-eng.asp>

³ Read CUPE's submission to the consultation process here: <http://cupe.ca/pension-innovation-canadians-target-benefit-plan>

PAUL MOIST – National President / Président national CHARLES FLEURY – National Secretary-Treasurer / Secrétaire-trésorier national

FRED HAHN – DANIEL LÉGÈRE – LUCIE LEVASSEUR – KELLY MOIST – MARLE ROBERTS – General Vice-Presidents / Vice-présidences générales

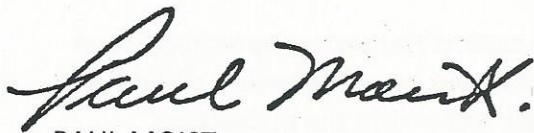


Though the target benefit elements of the recent federal budget were largely overlooked by the media, the small print of **Budget 2015** makes it clear that Harper's Conservative government intends to continue pursuing these changes. It's likely that the Conservatives did not want to put such drastic changes on the table in an election year. However, if the Conservatives are re-elected, we have no doubt that they will proceed with enabling these anti-worker changes. The official opposition, the Federal NDP, opposes permitting these conversions. The federal Liberal party has not taken a position. If the federal government proceeds with these changes, we can expect similar pushes at provincial levels, putting pension rights across Canada at risk.


The government's proposed changes, however, are not yet law and they can be stopped. 2015 is an election year. The easiest way to stop these changes is to elect an NDP government in the next federal election. We should also be pressuring federal politicians from all parties to oppose the changes. Please inform your memberships about these developments and please let your federal MPs know you will not stand for this.

CUPE's National office will continue working on this file. To ensure you receive our latest updates as this file develops, please email Wendy Lyon (wlyon@cupe.ca) at CUPE National and ask to be added to our Federally Regulated Pension email list.

In solidarity,



PAUL MOIST
National President



CHARLES FLEURY
National Secretary-Treasurer